

421 West Main Street
Post Office Box 634
Frankfort, KY 40602-0634
[502] 223-3477
[502] 223-4124 Fax
www.stites.com

September 19, 2006

HAND DELIVERED

Beth O'Donnell
Executive Director
Public Service Commission of Kentucky
211 Sower Boulevard
P.O. Box 615
Frankfort, Kentucky 40602-0615

Michele M. Whittington
(502) 209-1215
(502) 223-4124 FAX
mwhittington@stites.com

RECEIVED

SEP 19 2006

PUBLIC SERVICE
COMMISSION

RE: Kentucky Power Company
PSC Case No. 2006-00128

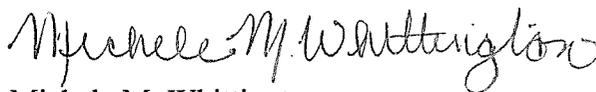
Dear Ms. O'Donnell:

Please find enclosed the original and eight (8) copies of Kentucky Power Company's Supplemental Testimony and Exhibits of Errol K. Wagner in the above referenced matter. By copy of this letter, copies are being served on KIUC and the Attorney General.

If you have any questions, please feel free to contact me.

Sincerely,

STITES & HARBISON, PLLC



Michele M. Whittington

MMW/las

Enclosures

cc: Elizabeth E. Blackford
Michael L. Kurtz

KE057:KE113:14169:1:FRANKFORT

COMMONWEALTH OF KENTUCKY
BEFORE THE
PUBLIC SERVICE COMMISSION OF KENTUCKY

RECEIVED

SEP 19 2006

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF

**AN EXAMINATION BY THE PUBLIC SERVICE)
COMMISSION OF THE ENVIRONMENTAL)
SURCHARGE MECHANISM OF KENTUCKY)
POWER COMPANY FOR THE SIX-MONTH)
BILLING PERIODS ENDING DECEMBER 31, 2002,)
DECEMBER 31, 2003, JUNE 30, 2004,)
DECEMBER 31, 2004, AND DECEMBER 31, 2005,)
AND FOR THE TWO-YEAR BILLING PERIODS)
ENDING JUNE 30, 2003 AND JUNE 30, 2005)**

CASE NO. 2006-00128

**SUPPLEMENTAL TESTIMONY AND EXHIBITS
OF
ERROL K WAGNER
ON BEHALF OF KENTUCKY POWER COMPANY**

September 19, 2006

**SUPPLEMENTAL TESTIMONY OF
ERROL K. WAGNER
ON BEHALF OF KENTUCKY POWER COMPANY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY**

Introduction

1 Q. Please state your name, position and business address.

2 A. My name is Errol K. Wagner and I am the Director of Regulatory Services,
3 Kentucky Power Company (“Kentucky Power, KPCo or Company”). My
4 business address is 101 A Enterprise Drive, Frankfort, Kentucky 40602.

5 Q. Did you submit direct testimony in this proceeding?

6 A. Yes.

7 Q. What is the purpose of your supplemental testimony?

8 A. The purpose of my supplemental testimony is to present and explain three
9 additional proposed adjustments to the monthly environmental surcharge
10 recovery, particularly for the expense months August through December 2005.

11 Q. Please describe the circumstances which created the need for the proposed
12 adjustments in the monthly environmental surcharge filings.

13 A. On September 7, 2005 in Case No. 2005-00068, the Commission approved
14 KPCo’s proposed inclusion of several projects in its compliance plan, including
15 the Rockport Low NOx Burners. On April 25, 2006, the Commission initiated the
16 present proceeding to review KPCo Environmental Surcharge monthly filings.
17 During the course of this review, shortly after August 24, 2006, the Company
18 discovered that it had failed to include in the monthly environmental surcharge
19 filings for the expense months of August through December 2005, the Company’s

1 share of the Unit Power Agreement costs associated with the Rockport Low NOx
2 burners (ES Form 3.20). In addition, while reviewing the monthly forms the
3 Company discovered two other omissions. First, the Company inadvertently had
4 used the Ohio Power Company's (OPCo) Company Surplus Weighting of 76%,
5 the prior month's percentage, instead of the "as filed" percentage of 77% for the
6 expense month of December 2005 (See ES Form 3.14, line 14). Second, the
7 Company inadvertently included the costs of Trona associated with the Gavin
8 Generating Plant, the Trona costs are directly associated with the SO₃ mitigation
9 at that plant.

Rockport Low NOx Burner Unit Power Costs

10 Q. What supports the Company conclusion that the Commission's September 7,
11 2005 Order in Case No. 2005-00068 intended the Rockport Unit Power
12 Agreement Low NOx Burner costs be reflected in the monthly environmental
13 surcharge filings?

14 A. The Commission on page 13 of its September 7, 2005 Order in Case No. 2005-
15 00068 states "the Commission finds that the projects proposed by the Kentucky
16 Power to be included in its environmental compliance plan should be
17 approved...". Also, the Commission on pages 27 and 28 of its September 7, 2005
18 Order states "Kentucky Power provided revised formats in response to a data
19 request.⁵⁸ The Commission finds that Kentucky Power's revised monthly
20 environmental surcharge reporting formats should be approved...".

1 Q. Did the Company use the revised monthly environmental surcharge reporting
2 formats as approved by the Commission in its September 7, 2005 Order for the
3 expense months of August through December 2005?

4 A. Yes, for all forms except for ES Form 3.20. The Company continued to use the
5 prior approved format as it related to ES Form 3.20. This resulted in the Company
6 failing to include KPCo's share of the Rockport Unit Power Agreement monthly
7 costs associated with the newly approved Low NOx Burners. The ES Form 3.20
8 filed by the Company for the expense months of August through December 2005
9 only reflected the costs associated with Rockport's Continuous Emission
10 Monitoring System (CEMS).

11 Q. What would have been the total change in the monthly environmental costs for
12 the expense months of August through December 2005, if the Company had used
13 the approved ES Form 3.20 format?

14 A. The total effect of using the approved format results in an increase in
15 environmental costs for the five expense months, (August (pro-rated) through
16 December) of \$220,524. Because of the revenue allocation factor (which varies
17 monthly) this would have resulted in an increase in recoverable environmental
18 costs of \$150,627 (See Exhibit EKW-1, Page 9 of 10, Line 16).

Gavin Generating Plant's Trona Costs and

Ohio Power's Company Surplus Weighting Calculations

19 Q. While preparing this supplemental testimony did the Company discover any Pool
20 Capacity Costs included in the expense months of August 2005 through

1 December 2005 that either should not have been included in the monthly filings
2 or were calculated using the Surplus Weighing Percentages of a prior month ?

3 A. Yes. In reviewing the monthly filings, it was discovered that on ES Form 3.14,
4 page 5 of 11, line 7, the Trona expense should not have been included in the
5 monthly filings. Trona expense is associated with SO₃ mitigation. Since the
6 Commission in its September 7, 2005 Order in Case No. 2005-00068 stated the
7 SO₃ mitigation projects should be excluded from the monthly filing, then the
8 operation and maintenance expense associated with those projects should also be
9 excluded.

10 Q. What would have been the total change in the monthly environmental costs for
11 the effective expense months in 2005 if the Company had excluded the Trona
12 expense from ES Form 3.14, Line 7?

13 A. The only months in the review period in which any Trona costs were included in
14 the monthly calculations were August and December 2005. If the Company would
15 have excluded the Trona expense from the August monthly calculations, the
16 Company's cost recovery would have been reduced by \$2,819 (pro-rated). (See
17 Exhibit EKW-1 Page 9 of 10, Line 14). However, because Trona is an operating
18 and maintenance expense, this adjustment would have had a corresponding
19 adjustment to the cash working capital calculations. Excluding the Trona expense
20 in the August 2005 monthly cash working capital calculations would have further
21 reduced the recoverable costs by \$3. (See Exhibit EKW-1 Page 9 of 10, Line 15).

22 Q. Are there any other adjustments that would affect the environmental costs
23 associated with the Pool Capacity Costs?

1 A. Yes. The Company's Surplus Weighting percentage is shown on ES Form 3.14,
2 Page 2 of 11, line 14. As filed for the expense month December 2005, the results
3 are OPCo's percentage was 77% and Indiana Michigan Power Company's (I&M)
4 percentage was 23%. However, the percentages used on ES Form 3.14, pages 3
5 through 11, on the Company Surplus Weighting lines shows 76% for OPCo and
6 24% for I&M. The 76% for OPCo and 24% for I&M were the correct percentages
7 for the expense month of November 2005, but the percentages of 77% and 23%
8 should have been used in December 2005.

9 Q. What is the effect of correcting both the Company Surplus Weighting percentages
10 and the Trona costs in the December 2005 expense month calculations?

11 A. When the correct Company Surplus Weighting percentages are used, the weighted
12 average capacity rate on ES Form 3.14, page 3 of 11, lines 19 and 20 would
13 change from \$0.11 per KW to \$0.12 per KW. Because of "rounding", the
14 weighted average capacity rate on ES Form 3.14, pages 4 through 11, would
15 remain the same (i.e., using either 76% or 77%).

16 Q. What would have been the total change in the monthly environmental costs for
17 the expense month of December 2005 if the Company would have used the
18 correct Company Surplus Weighting percentages (i.e., 77% and 23%) on ES Form
19 3.14 pages 4 through 11 of 11 and eliminated the Trona costs from the monthly
20 calculations?

21 A. The total effect of making these percentage changes and the elimination of the
22 Trona costs in the expense month of December 2005 results in an increase in
23 environmental costs for the December 2005 expense month of \$3,522. Because

1 December 2005 revenue allocation factor was 75.3%, the result is an increase in
2 recoverable environmental costs of \$2,651 (See Exhibit EKW-1, Page 9 of 10,
3 Lines 14 & 15).

KPCo's Total Environmental Surcharge Net Under Recovery

4 Q. Has the Company calculated the Environmental Surcharge total under recovery
5 for the months included in the review period?

6 A. Yes. Exhibit EKW-1, Page 9 of 10, Line 17, demonstrates the total under
7 recovery amount is \$225,538 after the monthly revenue allocations. This amount
8 is comprised of \$75,082 relating to the net under recovery of property taxes
9 (discussed in the Company's response to Staff 1st Set Item No. 1), (\$171)
10 ((\$164)+(7)) relating to the net under recovery of AEP Pool capacity costs as a
11 result of using the correct Company Surplus Weighting percentage for the
12 expense month of December 2005 and eliminating the net over recovery effect of
13 including Trona Costs (Expense and cash working capital), and \$150,627 relating
14 to the net under recovery of KPCo's share of the Rockport Unit Power Agreement
15 Low NOx Burner costs.

16 Q. How does the Company propose reflecting the total \$225,538 under recovery of
17 the environmental costs in future monthly environmental surcharge filings?

18 A. Should the Commission agree that the Company under recovered environmental
19 costs in the amount of \$225,538 during the review period, the Company would
20 propose dividing this amount by six and including an adjustment of \$37,590
21 (\$225,538/6), as line 5.5 on ES Form 1.00, in the monthly environmental filings
22 for the first six months following the Commission's Order in this proceeding.

1 Q. Did the issues of excluding KPCo's share of the Unit Power Agreement Rockport
2 Low NOx Burners, including the Gavin Trona Expense, including the Associated
3 Trona cash working capital and the issue of the Company Surplus Weighting
4 Percentage as it relates to the capacity charge calculation continue after December
5 2005?

6 A. Yes.

7 Q. What is the Company's plan for dealing with these issues in future monthly
8 filings?

9 A. Starting with the September 2006 monthly filing, the Company will include
10 KPCo's share of the Unit Power Agreement Rockport Low NOx burners, exclude
11 the effects of the Gavin Trona costs (expense and cash working capital) and
12 correct the Company Surplus Weighting Percentages. Once the Commission
13 issues its Order in this proceeding, and should the Commission agree with the
14 Company on these issues, the Company would propose to include one sixth of the
15 net of the total under recovery associated with these issues for the expense months
16 of January 2006 through July 2006 as an adjustment on line 5.75 on ES Form 1.0
17 of the monthly filings for the first six monthly filings after the Commission's
18 Order in this proceeding.

19 Q. What is the amount of this proposed adjustment?

20 A. The net amount of the adjustment for KPCo's share of the Unit Power Agreement
21 Rockport Low NOx Burners for the expense months of January through July 2006
22 is \$211,991.(See Exhibit EKW-1, Page 10 of 10, Line 16). The net amount of the
23 adjustment to exclude the effects of the Gavin Trona costs (expense and cash

1 working capital) and the correction of the weighted Surplus Weighting
2 Percentages for the expense months of January through July 2006 is \$135,434
3 (See Exhibit EKW-1, Page 10 of 10, Lines 14 & 15) for a net under recovery of
4 \$347,425 ($\$211,991 + \$135,434$). This would result in an adjustment on the
5 monthly ES Form 1.0, line 5.75 of \$57,904 ($\$347,425/6$).

6 Q. Does this conclude your supplemental testimony?

7 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

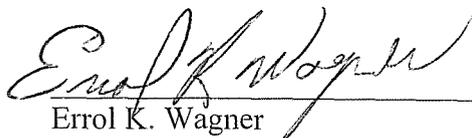
COMMONWEALTH OF KENTUCKY

CASE NO. 2006-00128

COUNTY OF FRANKLIN

AFFIDAVIT

Errol K. Wagner, upon first being duly sworn, hereby makes oath that if the foregoing questions were propounded to him at a hearing before the Public Service Commission of Kentucky, he would give the answers recorded following each of said questions and that said answers are true.


Errol K. Wagner

Subscribed and sworn to before me by Errol K. Wagner this 18th day of September, 2006.


Notary Public

My Commission Expires January 14, 2009

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	May 2001	June 2001	July 2001	August 2001	September 2001	October 2001	November 2001	December 2001	Total
1	CRR from ES FORM 3.00	\$795,669	\$836,142	\$948,955	\$634,131	\$1,011,498	\$904,740	\$805,045	(\$210,491)	
2	Brr from ES Form 2.00	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	
3	E(m) (Line 1 - Line 2)	\$784,770	\$825,243	\$938,056	\$623,232	\$1,000,599	\$893,841	\$794,146	(\$221,390)	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues,									
4	Line 1	63.7%	62.6%	60.3%	68.5%	72.2%	69.5%	75.4%	75.2%	
5	KY Retail E(m) (Line 3 * Line 4)	\$499,898	\$516,602	\$565,648	\$426,914	\$722,432	\$621,219	\$598,786	(\$166,485)	
	Over/(Under) Recovery Adjustment from ES FORM 3.30	\$65,291	\$16,696	(\$13,255)	(\$107,406)	(\$46,278)	\$51,205	(\$166,273)	(\$205,578)	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$565,189	\$533,298	\$552,393	\$319,508	\$676,154	\$672,424	\$432,513	(\$372,063)	
8	Net KY Retail E(m) (Line 7)	\$565,189	\$533,298	\$552,393	\$319,508	\$676,154	\$672,424	\$432,513	(\$372,063)	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense	\$19,261,855	\$18,574,885	\$20,091,110	\$22,653,135	\$19,396,069	\$19,091,657	\$22,617,917	\$25,358,989	
10	Month (Line 8 / Line 9)	2.9342%	2.8711%	2.7494%	1.4104%	3.4860%	3.5221%	1.9123%	-1.4672%	
11	As Filed ES FORM 1.00 Line 8	\$565,233	\$533,341	\$552,434	\$319,555	\$676,204	\$672,472	\$432,565	(\$372,011)	
12	Over/(Under) Recovery (Line 11 - Line 8)	(\$44)	(\$43)	(\$41)	(\$47)	(\$50)	(\$48)	(\$52)	(\$52)	(\$377)
	Detail of Line 12									
13	Monthly Property Taxes	(\$44)	(\$43)	(\$41)	(\$47)	(\$50)	(\$48)	(\$52)	(\$52)	(\$377)
	AEP Pool Capacity Costs (Including Trona									
14	Costs & Surplus Weighting % Change)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cash Working Capital Allowance									
	(Trona Costs X 1/8 X Monthly Weighted Avg									
15	Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Monthly Kentucky Power's Portion of AEGCo's									
16	Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	(\$44)	(\$43)	(\$41)	(\$47)	(\$50)	(\$48)	(\$52)	(\$52)	(\$377)

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	January 2002	February 2002	March 2002	April 2002	May 2002	June 2002	Total
1	CRR from ES FORM 3.00	\$509,890	\$295,397	\$393,891	(\$95,012)	\$691,988	\$640,336	
2	Brr from ES Form 2.00	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	
3	E(m) (Line 1 - Line 2)	\$498,991	\$284,498	\$382,992	(\$105,911)	\$681,089	\$629,437	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues,							
4	Line 1	79.7%	84.2%	77.1%	71.9%	69.6%	65.7%	
5	KY Retail E(m) (Line 3 * Line 4) Over/(Under) Recovery Adjustment from ES	\$397,696	\$239,547	\$295,287	(\$76,150)	\$474,038	\$413,540	
6	FORM 3.30	(\$137,509)	\$34,804	\$46,475	\$35,323	\$65,300	(\$4,501)	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$260,187	\$274,351	\$341,762	(\$40,827)	\$539,338	\$409,039	
8	Net KY Retail E(m) (Line 7)	\$260,187	\$274,351	\$341,762	(\$40,827)	\$539,338	\$409,039	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense	\$29,576,140	\$26,106,850	\$24,391,749	\$22,631,317	\$19,711,735	\$19,899,717	
10	Month (Line 8 / Line 9)	0.8797%	1.0509%	1.4011%	-0.1804%	2.7361%	2.0555%	
11	As Filed ES FORM 1.00 Line 8	\$260,286	\$274,457	\$341,858	(\$40,737)	\$539,637	\$409,161	
12	Over/(Under) Recovery (Line 11 - Line 8)	(\$99)	(\$106)	(\$96)	(\$90)	(\$299)	(\$122)	(\$812)
	Detail of Line 12							
13	Monthly Property Taxes	(\$99)	(\$106)	(\$96)	(\$90)	(\$299)	(\$122)	(\$812)
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change) Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	(\$99)	(\$106)	(\$96)	(\$90)	(\$299)	(\$122)	(\$812)

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	July 2002	August 2002	September 2002	October 2002	November 2002	December 2002	Total
1	CRR from ES FORM 3.00	\$853,985	\$1,028,069	\$652,954	\$546,220	\$637,888	(\$1,175,070)	
2	Brr from ES Form 2.00	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	\$10,899	
3	E(m) (Line 1 - Line 2)	\$843,086	\$1,017,170	\$642,055	\$535,321	\$626,989	(\$1,185,969)	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues,							
4	Line 1	66.5%	69.3%	67.8%	71.8%	91.0%	81.4%	
5	KY Retail E(m) (Line 3 * Line 4)	\$560,652	\$704,899	\$435,313	\$384,360	\$570,560	(\$965,379)	
	Over/(Under) Recovery Adjustment from ES							
6	FORM 3.30	(\$99,292)	(\$61,657)	\$5,165	\$67,545	\$54,312	(\$114,537)	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$461,360	\$643,242	\$440,478	\$451,905	\$624,872	(\$1,079,916)	
8	Net KY Retail E(m) (Line 7)	\$461,360	\$643,242	\$440,478	\$451,905	\$624,872	(\$1,079,916)	
9	KY Retail R(m) from ES FORM 3.30	\$23,861,391	\$23,186,250	\$23,754,861	\$20,828,539	\$21,153,206	\$26,539,180	
	Environmental Surcharge Factor for Expense							
10	Month (Line 8 / Line 9)	1.9335%	2.7742%	1.8543%	2.1696%	2.9540%	-4.0691%	
11	As Filed ES FORM 1.00 Line 8	\$461,484	\$643,371	\$440,604	\$452,039	\$625,041	(\$1,079,764)	
12	Over/(Under) Recovery (Line 11 - Line 8)	(\$124)	(\$129)	(\$126)	(\$134)	(\$169)	(\$152)	(\$834)
	Detail of Line 12							
13	Monthly Property Taxes	(\$124)	(\$129)	(\$126)	(\$134)	(\$169)	(\$152)	(\$834)
	AEP Pool Capacity Costs (Including Trona							
14	Costs & Surplus Weighting % Change)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Cash Working Capital Allowance							
	(Trona Costs X 1/8 X Monthly Weighted Avg							
15	Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Monthly Kentucky Power's Portion of AEGCo's							
16	Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	(\$124)	(\$129)	(\$126)	(\$134)	(\$169)	(\$152)	(\$834)

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	January 2003	February 2003	March 2003	April 2003	May 2003	June 2003	Total
1	CRR from ES FORM 3.00	\$785,894	\$707,860	\$339,505	\$1,294,347	\$2,003,866	\$2,317,050	
2	Brr from ES Form 2.00	\$10,899	\$10,899	\$15,785	\$15,785	\$15,785	\$15,785	
3	E(m) (Line 1 - Line 2)	\$774,995	\$696,961	\$323,720	\$1,278,562	\$1,988,081	\$2,301,265	
4	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, Line 1	73.5%	71.1%	62.7%	61.2%	63.0%	64.8%	
5	KY Retail E(m) (Line 3 * Line 4)	\$569,621	\$495,539	\$202,972	\$782,480	\$1,252,491	\$1,491,220	
6	Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$168,438)	\$152,692	\$23,257	\$182,340	\$60,125	\$99,000	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$401,183	\$648,231	\$226,229	\$964,820	\$1,312,616	\$1,590,220	
8	Net KY Retail E(m) (Line 7)	\$401,183	\$648,231	\$226,229	\$964,820	\$1,312,616	\$1,590,220	
9	KY Retail R(m) from ES FORM 3.30	\$27,552,945	\$28,868,450	\$25,687,135	\$21,179,632	\$19,173,943	\$19,987,285	
10	Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	1.4560%	2.2455%	0.8807%	4.5554%	6.8458%	7.9562%	
11	As Filed ES FORM 1.00 Line 8	\$401,413	\$647,944	\$226,675	\$965,263	\$1,318,270	\$1,596,888	
12	Over/(Under) Recovery (Line 11 - Line 8)	(\$230)	\$287	(\$446)	(\$443)	(\$5,654)	(\$6,668)	(\$13,154)
	Detail of Line 12							
13	Monthly Property Taxes	(\$230)	\$287	(\$446)	(\$443)	(\$5,654)	(\$6,668)	(\$13,154)
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	(\$230)	\$287	(\$446)	(\$443)	(\$5,654)	(\$6,668)	(\$13,154)

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	July 2003	August 2003	September 2003	October 2003	November 2003	December 2003	Total
1	CRR from ES FORM 3.00	\$3,035,445	\$2,892,593	\$2,750,711	\$2,678,420	\$2,695,432	\$1,904,332	
2	Brr from ES Form 2.00	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	
3	E(m) (Line 1 - Line 2)	\$3,019,660	\$2,876,808	\$2,734,926	\$2,662,635	\$2,679,647	\$1,888,547	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues,							
4	Line 1	64.9%	65.9%	69.4%	68.0%	69.4%	72.6%	
5	KY Retail E(m) (Line 3 * Line 4) Over/(Under) Recovery Adjustment from ES FORM 3.30	\$1,959,759	\$1,895,816	\$1,898,039	\$1,810,592	\$1,859,675	\$1,371,085	
6	FORM 3.30	(\$228,817)	(\$146,829)	\$206,597	\$285,836	\$189,621	(\$435,244)	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$1,730,942	\$1,748,987	\$2,104,636	\$2,096,428	\$2,049,296	\$935,841	
8	Net KY Retail E(m) (Line 7)	\$1,730,942	\$1,748,987	\$2,104,636	\$2,096,428	\$2,049,296	\$935,841	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	\$23,998,267	\$23,516,218	\$22,644,139	\$21,071,597	\$22,437,735	\$27,832,680	
		7.2128%	7.4374%	9.2944%	9.9491%	9.1333%	3.3624%	
11	As Filed ES FORM 1.00 Line 8	\$1,737,822	\$1,756,007	\$2,112,080	\$2,103,087	\$2,056,678	\$943,439	
12	Over/(Under) Recovery (Line 11 - Line 8)	(\$6,880)	(\$7,020)	(\$7,444)	(\$6,659)	(\$7,382)	(\$7,598)	(\$42,983)
	Detail of Line 12							
13	Monthly Property Taxes	(\$6,880)	(\$7,020)	(\$7,444)	(\$6,659)	(\$7,382)	(\$7,598)	(\$42,983)
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	(\$6,880)	(\$7,020)	(\$7,444)	(\$6,659)	(\$7,382)	(\$7,598)	(\$42,983)

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	January 2004	February 2004	March 2004	April 2004	May 2004	June 2004	Total
1	CRR from ES FORM 3.00	\$2,554,703	\$2,591,109	\$2,447,607	\$2,387,768	\$2,894,336	\$2,910,814	
2	Brr from ES Form 2.00	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	
3	E(m) (Line 1 - Line 2)	\$2,538,918	\$2,575,324	\$2,431,822	\$2,371,983	\$2,878,551	\$2,895,029	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues,							
4	Line 1	71.3%	72.0%	73.5%	66.9%	66.5%	62.7%	
5	KY Retail E(m) (Line 3 * Line 4) Over/(Under) Recovery Adjustment from ES FORM 3.30	\$1,810,249	\$1,854,233	\$1,787,389	\$1,586,857	\$1,914,236	\$1,815,183	
6		(\$562,129)	\$4,932	\$258,354	\$416,955	\$296,309	\$54,408	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	(\$1,601)	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$1,248,120	\$1,857,564	\$2,045,743	\$2,003,812	\$2,210,545	\$1,869,591	
8	Net KY Retail E(m) (Line 7)	\$1,248,120	\$1,857,564	\$2,045,743	\$2,003,812	\$2,210,545	\$1,869,591	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense	\$31,010,167	\$28,430,564	\$25,439,420	\$23,432,583	\$23,500,986	\$24,636,706	
10	Month (Line 8 / Line 9)	4.0249%	6.5337%	8.0416%	8.5514%	9.4062%	7.5886%	
11	As Filed ES FORM 1.00 Line 8	\$1,243,329	\$1,852,840	\$2,040,881	\$1,999,390	\$2,206,152	\$1,865,455	
12	Over/(Under) Recovery (Line 11 - Line 8)	\$4,791	\$4,724	\$4,862	\$4,422	\$4,393	\$4,136	\$27,328
	Detail of Line 12							
13	Monthly Property Taxes	\$4,791	\$4,724	\$4,862	\$4,422	\$4,393	\$4,136	\$27,328
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change) Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	\$4,791	\$4,724	\$4,862	\$4,422	\$4,393	\$4,136	\$27,328

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	July 2004	August 2004	September 2004	October 2004	November 2004	December 2004	Total
1	CRR from ES FORM 3.00	\$2,703,800	\$2,228,473	\$2,708,286	\$2,037,034	\$2,453,582	\$1,263,037	
2	Brr from ES Form 2.00	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	
3	E(m) (Line 1 - Line 2)	\$2,688,015	\$2,212,688	\$2,692,501	\$2,021,249	\$2,437,797	\$1,247,252	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, Line 1	65.2%	66.1%	66.8%	69.7%	66.7%	71.5%	
4								
5	KY Retail E(m) (Line 3 * Line 4) Over/(Under) Recovery Adjustment from ES FORM 3.30	\$1,752,586	\$1,462,587	\$1,798,591	\$1,408,811	\$1,626,011	\$891,785	
6		(\$94,941)	\$128,631	\$245,826	\$242,579	\$95,130	(\$600,614)	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$1,657,645	\$1,591,218	\$2,044,417	\$1,651,390	\$1,721,141	\$291,171	
8	Net KY Retail E(m) (Line 7)	\$1,657,645	\$1,591,218	\$2,044,417	\$1,651,390	\$1,721,141	\$291,171	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	\$26,765,554	\$24,627,178	\$24,193,765	\$22,117,947	\$25,019,832	\$32,351,686	
10		6.1932%	6.4612%	8.4502%	7.4663%	6.8791%	0.9000%	
11	As Filed ES FORM 1.00 Line 8	\$1,653,340	\$1,586,852	\$2,040,035	\$1,646,824	\$1,716,771	\$286,488	
12	Over/(Under) Recovery (Line 11 - Line 8)	\$4,305	\$4,366	\$4,382	\$4,566	\$4,370	\$4,683	\$26,672
	Detail of Line 12							
13	Monthly Property Taxes	\$4,305	\$4,366	\$4,382	\$4,566	\$4,370	\$4,683	\$26,672
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	\$4,305	\$4,366	\$4,382	\$4,566	\$4,370	\$4,683	\$26,672

ES FORM 1.00
 KENTUCKY POWER COMPANY
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 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Revised Line No	Description	January 2005	February 2005	March 2005	April 2005	May 2005	June 2005	Total
1	CRR from ES FORM 3.00	\$2,323,641	\$2,764,739	\$2,608,919	\$1,859,384	\$1,278,708	\$1,677,426	
2	Brr from ES Form 2.00	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	
3	E(m) (Line 1 - Line 2)	\$2,307,856	\$2,748,954	\$2,593,134	\$1,843,599	\$1,262,923	\$1,661,641	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, Line 1	70.6%	70.2%	61.7%	68.2%	68.6%	63.6%	
4								
5	KY Retail E(m) (Line 3 * Line 4) Over/(Under) Recovery Adjustment from ES FORM 3.30	\$1,629,346	\$1,929,766	\$1,599,964	\$1,257,335	\$866,365	\$1,056,804	
6		(\$637,515)	\$42,520	\$184,624	\$293,256	\$228,952	\$223,742	
7A	January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	
7B	Net KY Retail E(m) (Line 5 + Line 6)	\$991,831	\$1,972,286	\$1,784,588	\$1,550,591	\$1,095,317	\$1,280,546	
8	Net KY Retail E(m) (Line 7)	\$991,831	\$1,972,286	\$1,784,588	\$1,550,591	\$1,095,317	\$1,280,546	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	\$36,533,089	\$29,485,503	\$29,204,488	\$27,098,598	\$26,583,929	\$24,364,990	
10		2.7149%	6.6890%	6.1107%	5.7220%	4.1202%	5.2557%	
11	As Filed ES FORM 1.00 Line 8	\$986,648	\$1,967,180	\$1,778,182	\$1,543,513	\$1,088,198	\$1,273,946	
12	Over/(Under) Recovery (Line 11 - Line 8)	\$5,183	\$5,106	\$6,406	\$7,078	\$7,119	\$6,600	\$37,492
	Detail of Line 12							
13	Monthly Property Taxes AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	\$5,183	\$5,106	\$6,406	\$7,078	\$7,119	\$6,600	\$37,492
14	Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital))	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
16		\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Total Under/(Over) Recovery	\$5,183	\$5,106	\$6,406	\$7,078	\$7,119	\$6,600	\$37,492

ES FORM 1.00
 KENTUCKY POWER COMPANY
 ENVIRONMENTAL SURCHARGE REPORT
 CALCULATION OF E(m) AND SURCHARGE FACTOR
 For the Expense Month of -

Case No 2002-00188	Case No 2005-00068
Billing Dates September 28 thru October 5, 2005	Billing Dates October 6 thru October 26, 2005

Revised	July	August	August	September	October	November	December	Total	Total
Line	2005	2005	2005	2005	2005	2005	2005	July to	May 2001
No								December	to
Description								2005	December 2005
1 CRR from ES FORM 3.00	\$2,854,785	\$2,747,097	\$2,983,236	\$2,316,941	\$2,462,980	\$2,665,556	\$2,696,707		
2 Brr from ES Form 2.00	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785	\$15,785		
3 E(m) (Line 1 - Line 2)	\$2,838,980	\$2,731,312	\$2,967,451	\$2,301,156	\$2,437,195	\$2,649,771	\$2,680,922		
Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of									
4 Revenues, Line 1	64.6%	67.7%	67.7%	64.0%	66.2%	67.8%	75.3%		
5 KY Retail E(m) (Line 3 * Line 4)	\$1,833,981	\$1,849,098	\$2,008,964	\$1,472,740	\$1,613,423	\$1,796,545	\$2,018,734		
6 Over/(Under) Recovery Adjustment from ES FORM 3.30	(\$43,922)	(\$246,177)	(\$246,177)	\$14,434	\$208,172	\$208,699	(\$384,343)		
7A January 2004 ES FORM 3.10 - Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0		
7B Net KY Retail E(m) (Line 5 + Line 6)	\$1,790,059	\$1,602,921	\$1,762,787	\$1,487,174	\$1,821,595	\$2,005,244	\$1,634,391		
8 Net KY Retail E(m) (Line 7)	\$1,790,059	\$1,602,921	\$1,762,787	\$1,487,174	\$1,821,595	\$2,005,244	\$1,634,391		
9 KY Retail R(m) from ES FORM 3.30	\$28,766,132	\$30,544,820	\$30,544,820	\$30,377,179	\$28,068,872	\$27,197,901	\$36,184,071		
10 Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	6.2228%	5.2478%	5.7711%	4.8957%	6.4897%	7.3728%	4.5169%		
11 As Filed ES FORM 1.00 Line 8	\$1,783,356	\$1,595,896	\$1,728,885	\$1,451,594	\$1,784,340	\$1,965,625	\$1,587,830		
Over/(Under) Recovery (Line 11 - Line 8) - August 2005 Only									
		\$7,025	\$33,902						
		8 Billing Days	21 Billing Days						
		29 Billing Days	29 Billing Days						
12 Over/(Under) Recovery (Line 11 - Line 8)	\$6,703	\$1,938	\$24,550	\$35,580	\$37,255	\$39,619	\$46,561	\$192,206	\$225,538
Detail of Line 12									
13 Monthly Property Taxes	\$6,703	\$1,938	\$5,087	\$6,562	\$6,788	\$6,952	\$7,720	\$41,750	\$75,082
14 AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	\$0	\$0	(\$2,819)	\$0	\$0	\$0	\$2,655	(\$164)	(\$164)
15 Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg. Cost of Capital)	\$0	\$0	(\$3)	\$0	\$0	\$0	(\$4)	(\$7)	(\$7)
16 Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$0	\$0	\$22,285	\$29,018	\$30,467	\$32,667	\$36,190	\$150,627	\$150,627
17 Total Under/(Over) Recovery	\$6,703	\$1,938	\$24,550	\$35,580	\$37,255	\$39,619	\$46,561	\$192,206	\$225,538

ES FORM 1.00
KENTUCKY POWER COMPANY
ENVIRONMENTAL SURCHARGE REPORT
CALCULATION OF E(m) AND SURCHARGE FACTOR
For the Expense Month of -

Revised Line No	Description	Case No. 2005-00341							Total January to July 2006
		January 2006	February 2006	March 2006	April 2006	May 2006	June 2006	July 2006	
1	CRR from ES FORM 3.00	\$966,741	\$2,498,516	\$2,818,912	\$2,184,370	\$2,683,455	\$2,682,046	\$2,763,747	
2	Brr from ES Form 2.00	\$15,785							
2	Brr from ES Form 1.10		\$3,003,995	\$2,845,066	\$2,095,535	\$1,514,859	\$1,913,578	\$2,818,212	
3	E(m) (Line 1 - Line 2)	\$950,956	(\$505,479)	(\$26,154)	\$88,835	\$1,168,596	\$768,468	(\$54,465)	
	Kentucky Retail Jurisdictional Allocation Factor, from ES FORM 3.30, Schedule of Revenues, Line 1	73.6%	70.3%	67.2%	67.0%	71.6%	64.4%	64.0%	
5	KY Retail E(m) (Line 3 * Line 4) Adjustment to the January 2006 Environmental Surcharge Report -	\$699,904	(\$355,352)	(\$17,575)	\$59,519	\$836,715	\$494,893	(\$34,858)	
5A	AEP Pool Environmental Costs Over/(Under) Recovery Adjustment from ES FORM 3.30	\$0	\$31,601	\$0	\$0	\$0	\$0	\$0	
6	Net KY Retail E(m) (Line 5 + Line 6)	(\$659,084)	\$272,056	(\$180,474)	\$349,997	(\$42,259)	\$17,063	(\$187,244)	
7	Net KY Retail E(m) (Line 7)	\$40,820	(\$51,695)	(\$208,049)	\$409,516	\$794,456	\$511,956	(\$222,102)	
8	Net KY Retail E(m) (Line 7)	\$40,820	(\$51,695)	(\$208,049)	\$409,516	\$794,456	\$511,956	(\$222,102)	
9	KY Retail R(m) from ES FORM 3.30 Environmental Surcharge Factor for Expense Month (Line 8 / Line 9)	\$38,723,539	\$34,485,065	\$29,735,434	\$30,928,117	\$28,204,149	\$32,589,170	\$36,201,227	
10		0.1054%	-0.1499%	-0.6997%	1.3241%	2.8168%	1.5709%	-0.6135%	
11	As Filed ES FORM 1.00 Line 8	\$7,378	(\$105,291)	(\$262,619)	\$356,929	\$739,666	\$430,004	(\$238,590)	
12	Over/(Under) Recovery (Line 11 - Line 8)	\$33,442	\$53,596	\$54,570	\$52,587	\$54,790	\$81,952	\$16,488	\$347,425
	Detail of Line 12								
13	Monthly Property Taxes	\$0	0	\$0	\$0	\$0	\$0	\$0	\$0
14	AEP Pool Capacity Costs (Including Trona Costs & Surplus Weighting % Change)	2,634	\$23,328	\$24,790	\$22,245	\$21,130	\$51,585	(\$10,253)	\$135,459
15	Cash Working Capital Allowance (Trona Costs X 1/8 X Monthly Weighted Avg Cost of Capital)	(\$3)	(\$3)	\$0	\$0	(\$5)	(\$3)	(\$11)	(\$25)
16	Monthly Kentucky Power's Portion of AEGCo's Low NOx Burners (LNB)	\$30,811	\$30,271	\$29,780	\$30,342	\$33,665	\$30,370	\$26,752	\$211,991
17	Total Under/(Over) Recovery	\$33,442	\$53,596	\$54,570	\$52,587	\$54,790	\$81,952	\$16,488	\$347,425